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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/941,347	08/28/2001	Manu Ghela	GHEL-0312	9180

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EXAMINER

MARKS, CHRISTINA M

ART UNIT

PAPER NUMBER

3713

DATE MAILED: 01/15/2003

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/941,347

Applicant(s)

GHELA, MANU

Examiner

C. Marks

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 28 August 2001.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-16 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-4 and 11-16 is/are rejected.
- 7) ☐ Claim(s) 5-10 is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) ☐ The proposed drawing correction filed on _____ is: a) ☐ approved b) ☐ disapproved by the Examiner.
- If approved, corrected drawings are required in reply to this Office action.
- 12) ☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.
- 14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).
- a) ☐ The translation of the foreign language provisional application has been received.
- 15) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO-1449) Paper No(s) 2.
- 4) ☐ Interview Summary (PTO-413) Paper No(s) _____.
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other:

DETAILED ACTION

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

Claims 1-4, and 13-16 are rejected under 35 U.S.C. 103 (a) as being unpatentable over Pennsylvania Instant Million Lottery Game viewed collectively with the Pennsylvania Tax-Free Million Lottery Game in view of OnBusiness:Inflation.

The Pennsylvania Lottery presents a lottery game where users can win jackpots of a million dollars. A first ticket for a million dollar jackpot is available for purchase wherein if the winner matches certain criteria and wins the lottery, they will receive an amount less than the stated jackpot. In a second ticket available for a million dollar jackpot, if the winner matches certain criteria and wins the lottery, they will receive an amount that is greater than or equal to the lottery in a net payment upon determination of a winner (Item 7, PA Bulletin: Tax-Free

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Lottery), where the extra amount is designed to cover a substantial portion of the taxes that will be assessed to the winnings. Both tickets distribute the full award regardless of the number of participants in the lottery. The prices of the tickets are disclosed by the Pennsylvania lottery as being equivalent.

However, the price of the tax-free ticket was disclosed over fourteen months before the price of the instant million. OnBusiness:Inflation discloses that the inflation rate during this period was approximately 2.4%. To properly compare the selling prices of both of these tickets, the value of inflation must be accounted for. Accounting for inflation, the cost of the tax-free million, the second ticket, would be more expensive than the instant million, the first ticket, if the price of both of these tickets were compared at the same point in time as the cost of the tax-free ticket price would have inflated during the time difference.

Furthermore, the overall prize value of the tax-free lottery is greater than that of the instant million due to the extra payout required in order to allow the winner to pay taxes on top of their winnings. In order to accommodate for this extra payout on top of the jackpot, it would be obvious to one skilled in the art that the price of the tax-free ticket must be greater than that of the instant million if they were to be sold at the same time. This would be required in order to accommodate the extra money that would need to be paid on the tax-free game. It is known in the science of lottery, that all games must be profitable to be desirable; therefore, one of ordinary skill in the art would be motivated to charge more for a ticket where the payout will be greater.

Therefore viewing the disclosure of the tickets collectively, it would have been obvious to one of ordinary skill in the art to use these two tickets disclosed by the Pennsylvania lottery in a game where the tax-free option would be priced higher than the instant ticket option for a

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disclosed jackpot. This would allow users the choice of gambling a further amount to insure full lottery winnings if they were to be the winner. This extra gamble for insurance would cover the player so that if they were to win a jackpot, the insurance would cover all or part of the taxes as well as the full sum of the winnings. With these two ticket options, users would have the opportunity of being able to insure both the jackpot value and any taxes possibly due on it thus allowing users to realize the full value of their lottery winnings and prompt a greater number of players to play the game.

Claims 11-12 are rejected under 35 U.S.C. 103(a) as being unpatentable over Pennsylvania Instant Million Lottery Game viewed collectively with the Pennsylvania Tax-Free Million Lottery Game in view of OnBusiness:Inflation further in view of Pennsylvania Lottery Information: Claiming a Prize.

What the Pennsylvania Instant Million Lottery Game, the Pennsylvania Tax-Free Million Lottery Game, and OnBusiness:Inflation disclose, teach, and/or suggest has been discussed above and is incorporated herein.

The Pennsylvania Lottery site discloses information about claiming a prize that is won from any of the tickets. There is a cutoff point set what denotes a small jackpot and a large jackpot. Anything under \$500 is considered a small sum and can be paid in a lump sum immediately.

Anything over \$600.01 is considered a large jackpot and is subject to Federal Withholding taxes and annuity payments if the tax-insurance option is not purchased. If a user holds a tax-free ticket, the entire amount is immediately paid in full.

Allowable Subject Matter

Claims 5-10 are objected to as being dependent upon a rejected base claim, but would be allowable if rewritten in independent form including all of the limitations of the base claim and any intervening claims.

Though the Pennsylvania Lottery allows player to purchase both tax-insured and non-insured tickets for their lottery and reward the jackpot dependent on the ticket purchased with the non-insured ticket being less than the jackpot and the insured ticket equal to the jackpot plus an additional amount to cover taxes, it is not disclosed that once purchased, a non-insured ticket can be traded in and upgraded to an insured ticket for the cost of the difference between the two ticket prices.

The Examiner interprets the phrase an “upgrade converting a non-insured ticket to a payout insured ticket” to mean that the actual *ticket* is upgraded by paying a fee. The ticket is not cancelled and reissued. The actual original ticket is upgraded to reflect a ticket that is now insured based upon the holder paying the disclosed fee.

There is not suggestion or motivation to this limitation and is not disclosed in prior lottery arts such as keno. The methods disclosed by Keno do not disclose a method where a user can upgrade non-insured tickets into insured tickets. In Keno, a ticket can only be cancelled and a new ticket reissued. There is no upgrade process where a ticket can be upgraded to an insured form. Therefore, the limitation of allowing a player to upgrade non-insured tickets to insured tickets for the cost of the difference between the two tickets overcomes the prior art of the Pennsylvania Lottery games as well as the ticket issuing processes of other forms of lottery.

Conclusion

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

US Patent No. 5,909,875: Method of conducting Keno Lottery where a jackpot is determined and the player can pay a first amount to play or a second amount to play. If a first amount is played and the player is determined to be the winner, they will receive an amount less than the jackpot. If the player has played the second amount, they will win the jackpot plus a substantial bonus amount. The payout will occur upon winning and it costs more to play the second option as opposed to the first.

US Patent No. 6,485,368: Game of blackjack where player has the option of purchasing an insurance side bet wherein the player will win a greater jackpot based upon achieving a predetermined sequence of cards.

Peachtree Settlement Funding: A Brief Explanation for Lottery Winners:

Description of how inflation affects funds over time and in particular relation to the lottery.

Further explanation of annuities and lump sum payments in relation to time.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to C. Marks whose telephone number is (703)-305-7497. The examiner can normally be reached on Monday - Friday (7:30AM - 4:00 PM).

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, V. Martin-Wallace can be reached on (703)-308-1148. The fax phone numbers for

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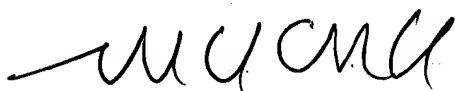
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the organization where this application or proceeding is assigned are (703)-872-9302 for regular communications and (703)-872-9303 for After Final communications.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is (703)-308-1148.

cmm
cmm

January 10, 2003

A handwritten signature in black ink, appearing to read "MICHAEL O'NEILL", written in a cursive, stylized script.

MICHAEL O'NEILL
PRIMARY EXAMINER